
SENATE BILL 5856

State of Washington 57th Legislature 2001 Regular Session

By Senators T. Sheldon, Winsley, Fraser, Swecker and Carlson

Read first time 02/06/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to making extraordinary investment gain sharing on
2 an annual basis; amending RCW 41.31.010, 41.31A.020, 41.31A.020, and
3 41.31A.040; providing effective dates; and providing an expiration
4 date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 41.31.010 and 1998 c 340 s 1 are each amended to read
7 as follows:

8 Beginning July 1, 1998, and on January 1, 2002, and on each January
9 1st (~~(of even-numbered years)~~) thereafter, the annual increase amount
10 as defined in RCW 41.32.010 and 41.40.010 shall be increased by the
11 gain-sharing increase amount, if any. The monthly retirement allowance
12 of a person in receipt of the benefit provided in RCW 41.32.489 or
13 41.40.197 shall immediately be adjusted to reflect any increase.

14 **Sec. 2.** RCW 41.31A.020 and 1998 c 341 s 312 are each amended to
15 read as follows:

16 (1) On January 1, 2002, and on each January 1st (~~(of even-numbered~~
17 ~~years)~~) thereafter, the member account of a person meeting the

1 requirements of this section shall be credited by the extraordinary
2 investment gain amount.

3 (2) The following persons shall be eligible for the benefit
4 provided in subsection (1) of this section:

5 (a) Any member of the teachers' retirement system plan 3 or the
6 Washington school employees' retirement system plan 3 who earned
7 service credit during the twelve-month period from September 1st to
8 August 31st immediately preceding the distribution and had a balance of
9 at least one thousand dollars in their member account on August 31st of
10 the year immediately preceding the distribution; or

11 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875 or
12 41.35.680; or

13 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and
14 who:

15 (i) Completed ten service credit years; or

16 (ii) Completed five service credit years, including twelve service
17 months after attaining age fifty-four; or

18 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
19 who has completed five service credit years by July 1, 1996, under plan
20 2 and who transferred to plan 3 under RCW 41.32.817; or

21 (e) Any classified employee who is a retiree pursuant to RCW
22 41.34.020(8) and who has completed five service credit years by
23 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
24 or

25 (f) Any person who had a balance of at least one thousand dollars
26 in their member account on August 31st of the year immediately
27 preceding the distribution and who:

28 (i) Completed ten service credit years; or

29 (ii) Completed five service credit years, including twelve service
30 months after attaining age fifty-four; or

31 (g) Any teacher who had a balance of at least one thousand dollars
32 in their member account on August 31st of the year immediately
33 preceding the distribution and who has completed five service credit
34 years by July 1, 1996, under plan 2 and who transferred to plan 3 under
35 RCW 41.32.817; or

36 (h) Any classified employee who had a balance of at least one
37 thousand dollars in their member account on August 31st of the year
38 immediately preceding the distribution and who has completed five

1 service credit years by September 1, 2000, and who transferred to plan
2 3 under RCW 41.35.510.

3 (3) The extraordinary investment gain amount shall be calculated as
4 follows:

5 (a) One-half of the sum of the value of the net assets held in
6 trust for pension benefits in the teachers' retirement system combined
7 plan 2 and 3 fund and the Washington school employees' retirement
8 system combined plan 2 and 3 fund at the close of the previous state
9 fiscal year not including the amount attributable to member accounts;

10 (b) Multiplied by the amount which the compound average of
11 investment returns on those assets over the previous four state fiscal
12 years exceeds ten percent;

13 (c) Multiplied by the proportion of:

14 (i) The sum of the service credit on August 31st of the previous
15 year of all persons eligible for the benefit provided in subsection (1)
16 of this section; to

17 (ii) The sum of the service credit on August 31st of the previous
18 year of:

19 (A) All persons eligible for the benefit provided in subsection (1)
20 of this section;

21 (B) Any person who earned service credit in the teachers'
22 retirement system plan 2 or the Washington school employees' retirement
23 system plan 2 during the twelve-month period from September 1st to
24 August 31st immediately preceding the distribution;

25 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765 or
26 41.35.420; and

27 (D) Any person with five or more years of service in the teachers'
28 retirement system plan 2 or the Washington school employees' retirement
29 system plan 2;

30 (d) Divided proportionally among persons eligible for the benefit
31 provided in subsection (1) of this section on the basis of their
32 service credit total on August 31st of the previous year.

33 (4) The legislature reserves the right to amend or repeal this
34 section in the future and no member or beneficiary has a contractual
35 right to receive this distribution not granted prior to that time.

36 **Sec. 3.** RCW 41.31A.020 and 2000 c 247 s 408 are each amended to
37 read as follows:

1 (1) On January 1, 2004, and on each January 1st (~~of even-numbered~~
2 ~~years~~) thereafter, the member account of a person meeting the
3 requirements of this section shall be credited by the extraordinary
4 investment gain amount.

5 (2) The following persons shall be eligible for the benefit
6 provided in subsection (1) of this section:

7 (a) Any member of the teachers' retirement system plan 3, the
8 Washington school employees' retirement system plan 3, or the public
9 employees' retirement system plan 3 who earned service credit during
10 the twelve-month period from September 1st to August 31st immediately
11 preceding the distribution and had a balance of at least one thousand
12 dollars in their member account on August 31st of the year immediately
13 preceding the distribution; or

14 (b) Any person in receipt of a benefit pursuant to RCW 41.32.875,
15 41.35.680, or 41.40.820; or

16 (c) Any person who is a retiree pursuant to RCW 41.34.020(8) and
17 who:

18 (i) Completed ten service credit years; or

19 (ii) Completed five service credit years, including twelve service
20 months after attaining age fifty-four; or

21 (d) Any teacher who is a retiree pursuant to RCW 41.34.020(8) and
22 who has completed five service credit years by July 1, 1996, under plan
23 2 and who transferred to plan 3 under RCW 41.32.817; or

24 (e) Any classified employee who is a retiree pursuant to RCW
25 41.34.020(8) and who has completed five service credit years by
26 September 1, 2000, and who transferred to plan 3 under RCW 41.35.510;
27 or

28 (f) Any public employee who is a retiree pursuant to RCW
29 41.40.010(29) and who has completed five service credit years by March
30 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

31 (g) Any person who had a balance of at least one thousand dollars
32 in their member account on August 31st of the year immediately
33 preceding the distribution and who:

34 (i) Completed ten service credit years; or

35 (ii) Completed five service credit years, including twelve service
36 months after attaining age fifty-four; or

37 (h) Any teacher who had a balance of at least one thousand dollars
38 in their member account on August 31st of the year immediately
39 preceding the distribution and who has completed five service credit

1 years by July 1, 1996, under plan 2 and who transferred to plan 3 under
2 RCW 41.32.817; or

3 (i) Any classified employee who had a balance of at least one
4 thousand dollars in their member account on August 31st of the year
5 immediately preceding the distribution and who has completed five
6 service credit years by September 1, 2000, and who transferred to plan
7 3 under RCW 41.35.510; or

8 (j) Any public employee who had a balance of at least one thousand
9 dollars in their member account on August 31st of the year immediately
10 preceding the distribution and who has completed five service credit
11 years by March 1, 2002, and who transferred to plan 3 under RCW
12 41.40.795.

13 (3) The extraordinary investment gain amount shall be calculated as
14 follows:

15 (a) One-half of the sum of the value of the net assets held in
16 trust for pension benefits in the teachers' retirement system combined
17 plan 2 and 3 fund, the Washington school employees' retirement system
18 combined plan 2 and 3 fund, and the public employees' retirement system
19 combined plan 2 and 3 fund at the close of the previous state fiscal
20 year not including the amount attributable to member accounts;

21 (b) Multiplied by the amount which the compound average of
22 investment returns on those assets over the previous four state fiscal
23 years exceeds ten percent;

24 (c) Multiplied by the proportion of:

25 (i) The sum of the service credit on August 31st of the previous
26 year of all persons eligible for the benefit provided in subsection (1)
27 of this section; to

28 (ii) The sum of the service credit on August 31st of the previous
29 year of:

30 (A) All persons eligible for the benefit provided in subsection (1)
31 of this section;

32 (B) Any person who earned service credit in the teachers'
33 retirement system plan 2, the Washington school employees' retirement
34 system plan 2, or the public employees' retirement system plan 2 during
35 the twelve-month period from September 1st to August 31st immediately
36 preceding the distribution;

37 (C) Any person in receipt of a benefit pursuant to RCW 41.32.765,
38 41.35.420, or 41.40.630; and

1 (D) Any person with five or more years of service in the teachers'
2 retirement system plan 2, the Washington school employees' retirement
3 system plan 2, or the public employees' retirement system plan 2;

4 (d) Divided proportionally among persons eligible for the benefit
5 provided in subsection (1) of this section on the basis of their
6 service credit total on August 31st of the previous year.

7 (4) The legislature reserves the right to amend or repeal this
8 section in the future and no member or beneficiary has a contractual
9 right to receive this distribution not granted prior to that time.

10 **Sec. 4.** RCW 41.31A.040 and 2000 c 247 s 409 are each amended to
11 read as follows:

12 (1) On June 1, 2003, the member account of a person meeting the
13 requirements of this section shall be credited by the 2000 retroactive
14 extraordinary investment gain amount (~~and~~), the 2002 retroactive
15 extraordinary investment gain amount, and the 2003 retroactive
16 extraordinary investment gain amount.

17 (2) The following persons shall be eligible for the benefits
18 provided in subsection (1) of this section:

19 (a) Any public employee who earned service credit during the
20 twelve-month period from September 1st to August 31st immediately
21 preceding the distribution and who transferred to plan 3 under RCW
22 41.40.795; or

23 (b) Any public employee in receipt of a benefit pursuant to RCW
24 41.40.820 and who has completed five service credit years by September
25 1, 2002, and who transferred to plan 3 under RCW 41.40.795; or

26 (c) Any public employee who is a retiree pursuant to RCW
27 41.34.020(8) and who has completed five service credit years by
28 September 1, 2002, and who transferred to plan 3 under RCW 41.40.795;
29 or

30 (d) Any public employee who has a balance of at least one thousand
31 dollars in either his or her member account or in plan 2 accumulated
32 contributions and who has completed five service credit years by
33 September 1, 2002, and who transferred to plan 3 under RCW 41.40.795.

34 (3) The 2000 retroactive extraordinary investment gain amount shall
35 be calculated as follows:

36 (a) An amount equal to the average benefit per year of service paid
37 in 2000 to members of the teachers' retirement system plan 3 under
38 section 309, chapter 341, Laws of 1998;

1 (b) Distributed to persons eligible for the benefit in subsection
2 (1) of this section on the basis of their service credit total on July
3 1, 1999.

4 (4) The 2002 retroactive extraordinary investment gain amount shall
5 be calculated as follows:

6 (a) An amount equal to the average benefit per year of service paid
7 in 2002 to members of the teachers' retirement system plan 3 and the
8 school employees' retirement system plan 3 under RCW 41.31A.020;

9 (b) Distributed to persons eligible for the benefit provided in
10 subsection (1) of this section on the basis of their service credit
11 total on July 1, 2001.

12 (5) The 2003 retroactive extraordinary investment gain amount shall
13 be calculated as follows:

14 (a) An amount equal to the average benefit per year of service paid
15 in 2003 to members of the teachers' retirement system plan 3 and the
16 school employees' retirement system plan 3 under RCW 41.31A.020;

17 (b) Distributed to persons eligible for the benefit provided in
18 subsection (1) of this section on the basis of their service credit
19 total on July 1, 2002.

20 (6) The legislature reserves the right to amend or repeal this
21 section in the future and no member or beneficiary has a contractual
22 right to receive this distribution not granted prior to that time.

23 NEW SECTION. Sec. 5. Section 2 of this act expires January 1,
24 2004.

25 NEW SECTION. Sec. 6. Section 3 of this act takes effect January
26 1, 2004.

27 NEW SECTION. Sec. 7. Section 4 of this act takes effect March 1,
28 2002.

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